

ANNUAL REPORT TO THE TWENTY- THIRD LEGISLATURE

2006 REGULAR SESSION

RELATING TO LAND CONSERVATION FUND



PREPARED BY

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

IN RESPONSE TO SECTION 173A-5, HAWAII REVISED STATUTES

HONOLULU, HAWAII

NOVEMBER 2005

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REGULAR SESSION OF 2006
LAND CONSERVATION FUND

FISCAL YEAR 2006 (Year-to-Date)

PURPOSE

Act 156, Session Laws of Hawaii (SLH) 2005, amended Section 173A-5, Hawaii Revised Statutes (HRS) by authorizing the transfer of 10% of all taxes imposed and collected under Section 247-1, HRS, to be used to acquire lands having value as a resource to the State. The Act went further by requiring the Board of Land and Natural Resources (BLNR) to prepare an annual report to be transmitted to the Governor and the Legislature at least twenty days prior to the convening of each regular session of the Legislature. The annual report shall include:

- A. A summary of all interest or rights in land acquired during the preceding fiscal year;
- B. A summary of what value each newly acquired land has as a resource to the State;
- C. Proposals for future land acquisitions, including a summary of the resource value that the land may possess;
- D. A financial report for the preceding fiscal year; and
- E. Objectives and budget projections for the following fiscal year.

These topics are summarized in the following sections.

INTEREST OR RIGHTS IN LAND ACQUIRED DURING THE PRECEDING FISCAL YEAR

Whereas Act 156, SLH 2005 went into effect on July 1, 2005, no interest or rights in land were acquired in Fiscal Year (FY) 2005 using the Land Conservation Fund (LCF)

VALUE THAT EACH NEWLY ACQUIRED LAND HAS AS A RESOURCE TO THE STATE

Whereas Act 156, SLH 2005 went into effect on July 1, 2005, no interest or rights in land were acquired in FY 2005 using the LCF.

PROPOSALS FOR FUTURE LAND ACQUISITIONS, INCLUDING A SUMMARY OF THE RESOURCE VALUE TO THE STATE

As of October 31, 2005, no application form was submitted to the BLNR for approval or made available to the public for submission. Accordingly, no applications requesting funds have been submitted to the Department for consideration. The status of the grant application is discussed in a subsequent section.

Nonetheless, pursuant to Act 156, SLH 2005, there is appropriated out of the LCF the sum of \$1,100,000, or so much thereof as may be necessary for FY 2005-2006 for the purchase of agriculture easements to protect farm and ranch lands throughout the State. This appropriation will use and preserve federal farm and ranch land protection program funding for agricultural and cultural lands in Hawaii.

FINANCIAL REPORT FOR THE PRECEDING FISCAL YEAR

Whereas Act 156, SLH 2005, went into effect on July 1, 2005, no financial activity pursuant to the LCF occurred during FY 2005.

Furthermore, although Section 10 of Act 156, SLH 2005, states that the Director of Finance shall transfer to the credit of the LCF all unexpended or unencumbered balances remaining in the Fund For the Environment as of July 1, 2005, the Department of Land and Natural Resources' Administrative Services Offices (ASO) reports that there was no unexpended or unencumbered balances remaining to be transferred.

OBJECTIVES AND BUDGET PROJECTIONS FOR THE FOLLOWING FISCAL YEAR

Staff has been working on development of a grant application form pursuant to Section 173A-5, HRS, as amended. Accordingly, meetings with appropriate government agencies and interested nonprofit organizations have been held allowing for initial comments on a proposed draft grant application. Based on these meetings, a grant application form will be presented to the BLNR and recommended for approval prior to December 31, 2005. Subject to BLNR approval, the application form will be made available to the public.

Based on testimony provided last legislative session, revenues for the LCF are projected to be \$3,500,000 for FY 2006.

As of October 31, 2005, the LCF has been appropriated \$1,100,000 (Appropriation Warrant No. 63). Moreover, based on reported conveyance taxes collected during July 2005, \$206,139.16 has been credited to the LCF pursuant to Section 247-7, HRS, as amended.

Based on the foregoing, although ASO reports a cash balance of \$206,139.16, a budgeted amount of \$1,306,139.16 remains available for acquisitions in the LCF as of October 31, 2005.